

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Big Prairie Township</b>	County <b>Newaygo</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>10/11/05</b>	Date Accountant Report Submitted to State: <b>11/11/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

**Hendon & Slate, P.C.**

Street Address

**711 West Main Street**

City

**Fremont**

State

**MI**

ZIP

**49412**

Accountant Signature

*Jodi DeKuijper, CPA*

Date

**11/11/05**

**BIG PRAIRIE TOWNSHIP**  
**NEWAYGO COUNTY, MICHIGAN**  
**FINANCIAL REPORT**  
**MARCH 31, 2005**

**BIG PRAIRIE TOWNSHIP**

Newaygo County, Michigan

Township Board

	<u>Position</u>
Dave Wright	Supervisor
Judith Baker	Clerk
Jodi Ruehmeier	Treasurer
Marion Davison	Trustee
James Mumper	Trustee

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**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



October 11, 2005

Township Board  
Big Prairie Township  
Newaygo County, Michigan

Dear Board Members:

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Big Prairie Township, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Big Prairie Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall general purpose financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Big Prairie Township, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, Big Prairie Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 26 through 27, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Big Prairie Township, Michigan's basic financial statements. The schedule of cash and investments and the supplemental information statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of cash and investments has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hendon & Slate*

Hendon & Slate, P.C.  
Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's combined net assets increased .19% from a year ago - increasing from \$1,121,759 to \$1,123,858. This relatively small increase was the result of a reduction in state revenue sharing and an increase in repairs and capital outlay in the Governmental Funds, but net income for the Park Fund. In a condensed format, the table below shows key financial information (in future years, when prior year information is available, a comparative analysis of government wide data will be presented):

	<u>Governmental Activities 2005</u>	<u>Business-Type Activities 2005</u>	<u>Total Primary Government 2005</u>
Current Assets	\$ 306,440	\$ 416,473	\$ 722,913
Noncurrent Capital Assets	<u>342,732</u>	<u>374,161</u>	<u>716,893</u>
Total Assets	<u>\$ 649,172</u>	<u>\$ 790,634</u>	<u>\$ 1,439,806</u>
Long-Term Debt Outstanding	\$ 48,243	\$ -	\$ 48,243
Other Liabilities	<u>21,882</u>	<u>245,823</u>	<u>267,705</u>
Total Liabilities	<u>\$ 70,125</u>	<u>\$ 245,823</u>	<u>\$ 315,948</u>
Net Assets			
Invested in Capital Assets-Net of Debt	\$ 299,589	\$ 374,161	\$ 673,750
Unrestricted	<u>279,458</u>	<u>170,650</u>	<u>450,108</u>
Total Net Assets	<u>\$ 579,047</u>	<u>\$ 544,811</u>	<u>\$ 1,123,858</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, decreased by \$90,836 for the governmental activities. This represents a decrease of approximately 14.4%. The current level of unrestricted net assets for our governmental activities stands at \$279,458, or about 62.5% of expenditures.

	<u>Governmental Activities 2005</u>	<u>Business-Type Activities 2005</u>	<u>Total</u>
Program Revenues			
Charges for Services	\$ 42,812	\$ 470,851	\$ 513,663
Capital Grants	8,275	-	8,275
General Revenues			
Property Taxes	103,939	-	103,939
State Grants	168,736	-	168,736
Other Taxes	404	-	404
Interest Income	1,085	1,542	2,627
Property Tax Administration Fee	20,875	-	20,875
National Forest Money	2,527	-	2,527
Miscellaneous	<u>7,568</u>	<u>-</u>	<u>7,568</u>
Total Revenues	356,221	472,393	828,614



## Management's Discussion and Analysis (Continued)

	Governmental <u>Activities</u> <u>2005</u>	Business Type <u>Activities</u> <u>2005</u>	<u>Total</u>
Program Expenses			
General Government	\$ 178,872	\$ -	\$ 178,872
Public Safety	71,102	-	71,102
Public Works	76,586	-	76,586
Community & Economic Dev.	31,572	-	31,572
Recreation and Culture	2,639	-	2,639
Capital Outlay	4,828	-	4,828
Debt Service	3,375	-	3,375
Other Functions	37,374	-	37,374
Park Fund	<u>-</u>	<u>420,167</u>	<u>420,167</u>
Total Expenses	<u>406,348</u>	<u>420,167</u>	<u>826,515</u>
Change in Net Assets	<u>\$ (50,127)</u>	<u>\$ 52,226</u>	<u>\$ 2,099</u>

### **Governmental Activities**

The Township's total governmental revenues decreased to approximately \$356,000 -- from the prior audit of \$388,000, this reflects a decrease in state shared revenue and charges for services.

Expenses increased during the year to approximately \$440,000 from \$336,000. The two largest increases were capital outlay and street repairs.

### **Business-Type Activities**

The Township has an Enterprise Fund which accounts for the park activities. Net assets of the park increased by \$52,226 to approximately \$545,000. This increase is largely due to more use of the park, resulting in more revenues.

### **The Township's Fund**

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2005 include the General Fund, the Fire Fund, and the Enterprise Fund.

The General Fund pays for most of the Township's governmental services. About 51% of the General Fund expenditures are made up of general government, amounting to \$180,122. Another 22% was for public works, including street repairs and lighting. The general government expenditures were about 1/5 for payroll and 2/5 for repairs and capital outlay, with the remaining 2/5 for other expenses.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board made amendments to the budget to take into account events during the year. The most significant changes were to increase property taxes by \$9,160, property tax administration fee by \$3,768, and insurance expense by \$5,817. The increases were made to more accurately reflect actual expenditures.

There were four material overexpenditures as reported in the Notes to the Financial Statements.

### **Capital Asset and Debt Administration**

At the end of March 2005, the Township had over \$633,000 invested in capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Newaygo County Road Commission (along with the responsibility to maintain them).

**Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2005-06 calls for an increase in revenues. General Fund expenditures were budgeted for 17% less than the previous budget, which partly reflects a reduction in capital outlay for the Township hall and grounds.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

## BIG PRAIRIE TOWNSHIP

### Government Wide Statement of Net Assets March 31, 2005

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Total Primary <u>Government</u>
<b>ASSETS</b>			
Cash	\$ 180,473	\$ 396,912	\$ 577,385
Prepaid Insurance	14,046	19,561	33,607
Accounts Receivable	22,664	-	22,664
Due from Other Funds	89,257	-	89,257
Capital Assets, Net	<u>342,732</u>	<u>374,161</u>	<u>716,893</u>
Total Assets	<u>\$ 649,172</u>	<u>\$ 790,634</u>	<u>\$ 1,439,806</u>
<b>LIABILITIES</b>			
Accounts Payable	10,683	9,065	19,748
Accrued Taxes Payable	1,572	-	1,572
Deferred Revenue	-	227,725	227,725
Deposit Refunds Due	6,606	-	6,606
Due to Other Funds	3,021	9,033	12,054
Long-Term Debt - Due in 1 Year	18,733	-	18,733
Long-Term Debt - Due in More than 1 Year	<u>29,510</u>	<u>-</u>	<u>29,510</u>
Total Liabilities	<u>70,125</u>	<u>245,823</u>	<u>315,948</u>
<b>NET ASSETS</b>			
Invested in Capital Assets			
Net of Related Debt	299,589	374,161	633,007
Unrestricted	<u>279,458</u>	<u>170,650</u>	<u>450,108</u>
Total Net Assets	<u>\$ 579,047</u>	<u>\$ 544,811</u>	<u>\$ 1,123,858</u>

The Notes to the Financial Statements are an integral part of this statement.

# BIG PRAIRIE TOWNSHIP

## Government Wide Statement of Activities For the Fiscal Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue And Changes In Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities						
General Government	\$ 178,872	\$ 7,573	\$ -	\$ (171,299)	\$ -	\$ (171,299)
Public Safety	71,102	12,309	-	(58,793)	-	(58,793)
Public Works	76,586	974	-	(75,612)	-	(75,612)
Community & Economic Dev	31,572	16,870	-	(14,702)	-	(14,702)
Recreation & Culture	2,639	-	-	(2,639)	-	(2,639)
Capital Outlay	4,828	-	8,275	3,447	-	3,447
Interest Expense	3,375	5,086	-	1,711	-	1,711
Other Functions	<u>37,374</u>	<u>-</u>	<u>-</u>	<u>(37,374)</u>	<u>-</u>	<u>(37,374)</u>
Total Governmental Activities	406,348	42,812	8,275	(355,261)	-	(355,261)
Business-Type Activities						
Park Fund	<u>420,167</u>	<u>470,851</u>	<u>-</u>	<u>-</u>	<u>50,684</u>	<u>50,684</u>
Total Primary Government	<u>\$ 826,515</u>	<u>\$ 513,663</u>	<u>\$ 8,275</u>	<u>\$ (355,261)</u>	<u>\$ 50,684</u>	<u>\$ (304,577)</u>
General Revenues						
Property Taxes - Levied for General Purpose				\$ 51,188	\$ -	\$ 51,188
Property Taxes - Levied for Public Safety				52,751	-	52,751
State Grants				168,736	-	168,736
Other Taxes				404	-	404
Interest Income				1,085	1,542	2,627
Miscellaneous				470	-	470
Property Tax Administration Fees				20,875	-	20,875
Refunds and Reimbursements				7,098	-	7,098
National Forest Money				2,527	-	2,527
Total General Revenues				305,134	1,542	306,676
Change in Net Assets				(50,127)	52,226	2,099
Net Assets - April 1, 2004				629,174	492,585	1,121,759
Net Assets - March 31, 2005				\$ 579,047	\$ 544,811	\$ 1,123,858

The Notes to the Financial Statements are an integral part of this statement.

**BIG PRAIRIE TOWNSHIP**Governmental Fund Balance Sheet  
March 31, 2005

	General Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Fund
<b>ASSETS</b>				
Cash - Checking	\$ 18,571	\$ -	\$ 10,012	\$ 28,583
- Savings	15,894	-	-	15,894
- Building Fund	4,181	-	-	4,181
- Investments	56,574	59,013	-	115,587
- CD	-	14,388	-	14,388
- Grant Fund	-	1,840	-	1,840
Accounts Receivable	-	6,616	-	6,616
Taxes Receivable	8,635	6,576	837	16,048
Due from Other Funds	<u>91,821</u>	<u>37,065</u>	<u>-</u>	<u>128,886</u>
Total Assets	<u>\$ 195,676</u>	<u>\$ 125,498</u>	<u>\$ 10,849</u>	<u>\$ 332,023</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,066	\$ 2,617	\$ -	\$ 10,683
Accrued Taxes Payable	1,572	-	-	1,572
Due to Other Funds	3,022	34,606	5,022	42,650
Deposit Refunds Due	<u>6,606</u>	<u>-</u>	<u>-</u>	<u>6,606</u>
Total Liabilities	19,266	37,223	5,022	61,511
<b>FUND BALANCES</b>				
Unreserved	<u>176,410</u>	<u>88,275</u>	<u>5,827</u>	<u>270,512</u>
Total Liabilities and Fund Balance	<u>\$ 195,676</u>	<u>\$ 125,498</u>	<u>\$ 10,849</u>	<u>\$ 332,023</u>

## BIG PRAIRIE TOWNSHIP

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended March 31, 2005

Total Governmental Fund Balances	\$ 270,512
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period	14,046
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Notes payable are not due and payable in the current period are not reported in the funds	(48,243)
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Amounts Due To/From Other Funds	
Due to Other Funds	39,629
Due From Other Funds	(39,629)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Assets	759,362
Governmental Accumulated Depreciation	<u>(416,630)</u>

Total Net Assets - Governmental Activities:	<u>\$ 579,047</u>
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The Notes to the Financial Statements are an integral part of this statement.

# BIG PRAIRIE TOWNSHIP

## Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance For the Fiscal Year Ended March 31, 2005

	General <u>Fund</u>	Fire <u>Fund</u>	Non-Major Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
<b>Revenues</b>				
Property Taxes	\$ 51,188	\$ 52,751	\$ -	\$ 103,939
Other Taxes	404	-	-	404
Property Tax Administration Fee	20,875	-	-	20,875
Licenses and Permits	16,870	-	-	16,870
State Grants	168,736	-	-	168,736
Charges for Services	974	12,309	-	13,283
Interest	737	65	283	1,085
Rents and Royalties	7,573	-	-	7,573
Refunds and Reimbursements	7,098	-	-	7,098
Other Revenue	470	-	-	470
National Forest Money	2,527	-	-	2,527
Grants	-	8,275	-	8,275
Special Assessments	<u>-</u>	<u>-</u>	<u>5,086</u>	<u>5,086</u>
Total Revenues	277,452	73,400	5,369	356,221
<b>Expenditures</b>				
General Government	139,226	-	-	139,226
Public Safety	27,576	43,526	-	71,102
Public Works	76,586	-	-	76,586
Community & Economic Dev	31,572	-	-	31,572
Recreation & Culture	2,639	-	-	2,639
Capital Outlay	40,896	20,955	-	61,851
Debt Service	-	15,961	5,647	21,608
Other Functions	<u>35,190</u>	<u>-</u>	<u>-</u>	<u>35,190</u>
Total Expenditures	353,685	80,442	5,647	439,774
Excess Revenue Over (Under) Expenditures	(76,233)	(7,042)	(278)	(83,553)
Fund Balance - April 1	<u>252,643</u>	<u>95,317</u>	<u>6,105</u>	<u>354,065</u>
Fund Balance - March 31	<u>\$ 176,410</u>	<u>\$ 88,275</u>	<u>\$ 5,827</u>	<u>\$ 270,512</u>

The Notes to the Financial Statements are an integral part of this statement.

## BIG PRAIRIE TOWNSHIP

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Fiscal Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds		\$ (83,553)
Prepaid insurance reflects amounts that will be paid in future periods		
Current Year Prepaid Insurance	14,046	
Prior Year Prepaid Insurance	<u>(16,230)</u>	(2,184)
Note payable principal payments are reported as an expenditure in the fund statements, but not in the statement of activities (where it reduces long-term debt)		18,233
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:		
Capital outlay reported in governmental fund statements	61,851	
Capital outlay reported as expenses in statement of activities	<u>(4,828)</u>	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) assets.	57,023	
Depreciation expense reported in the statement of activities	<u>(39,646)</u>	<u>17,377</u>
Changes in Net Assets - Governmental Activities		<u>\$ (50,127)</u>

The Notes to the Financial Statements are an integral part of this statement.



# **BIG PRAIRIE TOWNSHIP**

## Proprietary Fund Statement of Net Assets March 31, 2005

	Park Fund
<b>ASSETS</b>	
Current Assets	
Cash	\$ 396,912
Prepaid Insurance	<u>19,561</u>
Total Current Assets	416,473
Noncurrent Assets	
Net Capital Assets	<u>374,161</u>
Total Assets	<u><u>\$ 790,634</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 9,065
Due to Other Funds	9,033
Unearned Revenue	<u>227,725</u>
Total Liabilities	245,823
<b>NET ASSETS</b>	
Invested in Capital Assets	
- Net of Debt	374,161
Unrestricted	<u>170,650</u>
Total Net Assets	<u><u>544,811</u></u>
Total Liabilities and Net Assets	<u><u>\$ 790,634</u></u>

The Notes to the Financial Statements are an integral part of this statement.

## BIG PRAIRIE TOWNSHIP

### Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets March 31, 2005

	Park <u>Fund</u>
<b>Operating Revenues</b>	
Use and Admission Fees	\$ 412,599
Visitor Fees	41,617
Dock Fees	14,200
Pop	1,780
Ice	4,827
Wood	1,892
Other	<u>4,713</u>
Total Operating Revenues	481,628
Less: Cost of Goods Sold	(3,666)
Refunds	<u>(7,111)</u>
Net Operating Revenues	470,851
<b>Operating Expenses</b>	
Salaries and Wages	163,677
Per Diem	11,550
Fringe Benefits - Payroll Taxes and Unemployment Insurance	30,961
Supplies - Operating	17,365
- Office	2,415
Professional Services - Legal	281
- Security	-
- Other	6,517
Insurance - Liability and Auto	26,961
Credit Card Fees	11,175
Communication	6,640
Transportation (Mileage)	2,089
Printing, Publishing and Advertising	4,138
Electricity	53,715
Garbage and Sewage	10,779
Gasoline and Oil	6,511
Fuel Oil and Bottle Gas	2,309
Community Promotions	914
Repairs and Maintenance	5,663
Land, Equipment, and Building Repairs and Maintenance	-
Property Taxes and Lease Payment	1,651
Depreciation	50,195
Equipment Rental	2,161
Hall Rental	<u>2,500</u>
Total Operating Expenses	<u>420,167</u>
Operating Income	50,684
<b><u>Non-Operating Revenues</u></b>	
Interest on Investments	<u>1,542</u>
Total Non-Operating Revenue	<u>1,542</u>
Change in Net Assets	52,226
Total Net Assets - Beginning	<u>492,585</u>
Total Net Assets - Ending	<u><u>\$ 544,811</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# **BIG PRAIRIE TOWNSHIP**

## **Proprietary Fund Statement of Cash Flows March 31, 2005**

	<u>Park Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Collected from Sales	\$ 495,296
Cash Paid for Purchases	(11,413)
Cash Paid to Suppliers	(166,164)
Cash Paid to Employees	(209,354)
Other Receipts	<u>4,713</u>
Net Cash Provided by Operating Activities	113,078
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchase of Capital Assets	<u>(38,094)</u>
Net Cash Used by Noncapital Financing Activities	(38,094)
<b>Cash Flows From Investing Activities</b>	<u>1,542</u>
Interest	
Net Cash Provided by Investing Activities	1,542
Net Increase in Cash	76,526
Balance - Beginning of Year	<u>320,386</u>
Balance - End of Year	<u><u>\$ 396,912</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 50,684
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation	50,195
Change in Assets and Liabilities:	
Increase in Prepaid Insurance	(2,381)
Increase in Accounts Payable	2,642
Decrease in Due to Other Funds	(3,277)
Decrease in Payroll Taxes Payable	(3,166)
Increase in Unearned Revenue	<u>18,381</u>
Net Cash Flow Provided by Operating Activities	<u><u>\$ 113,078</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# **BIG PRAIRIE TOWNSHIP**

## **Statement of Net Assets - Fiduciary Funds March 31, 2005**

	<u>Property Taxes</u>	<u>Trust Fund Agency</u>	<u>Total Trust and Agency</u>
<b>ASSETS</b>			
Cash	<u>\$ 14,804</u>	<u>\$ 73,440</u>	<u>\$ 88,244</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 7,304	\$ 72,920	\$ 80,224
Due to Other Governments	<u>7,500</u>	<u>520</u>	<u>8,020</u>
Total Liabilities	<u>\$ 14,804</u>	<u>\$ 73,440</u>	<u>\$ 88,244</u>

The Notes to the Financial Statements are an integral part of this statement.

## BIG PRAIRIE TOWNSHIP

### Notes to the Financial Statements For the Fiscal Year Ended March 31, 2005

#### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Big Prairie Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Wilcox Township:

In fiscal year 2005, the Township adopted GASB Statement No. 34, *"Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments."* GASB Statement No. 34 requires new basic financial statements for reporting on the Township's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

##### 1. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

- a. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
- b. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

##### 2. Joint Ventures

The Big Prairie/Everett Cemetery is a joint venture between Big Prairie Township and Everett Township. The board is appointed by the two township boards and the property on which the cemetery exists is held by the two townships. The Cemetery operations are funded by charges for services and financial support from Everett and Big Prairie Townships. Everett Township collects a portion of a milage to support the Cemetery, which is remitted annually to the Cemetery. Big Prairie Township supports the Cemetery from the General Fund with amount equal to the amount remitted by Everett Township. The Township does not report an equity interest in this joint venture in these

## Notes to the Financial Statements (Continued)

financial statements because the Township does not have an explicit and measurable right to the joint ventures resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the March 31, 2005 audit report of Big Prairie/Everett Cemetery follows:

Total Assets	\$ 67,659
Total Liabilities	<u>945</u>
Net Assets	<u>\$ 66,714</u>
Revenues	\$ 26,548
Expenses	<u>18,365</u>
Revenues Under Expenses	<u>\$ 8,183</u>

Complete financial statements for the Big Prairie/Everett Cemetery may be obtained from offices at Big Prairie Township, 2815 South Elm Avenue, White Cloud, MI 49349.

### 3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### 4. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

## Notes to the Financial Statements (Continued)

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

### Property Taxes Receivable

The Township property tax is levied on each December 1<sup>st</sup> on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31<sup>st</sup>. The taxes are due on September 14<sup>th</sup> and February 14<sup>th</sup>, with the final collection date of February 28<sup>th</sup> before they are added to the County tax rolls. The 2004 delinquent taxes of \$16,048 were received in May 2005, thus taxes receivable has been recorded.

The 2004 taxable valuation of the Township totaled \$54,867,994 on which ad valorem taxes levied consisted of .9366 mills for general operating and .9652 mills for fire operating, raising \$51,188 for operating, \$20,875 for PTAF and \$52,751 for fire operational. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township of Big Prairie. Revenues are derived primarily from property taxes, state distributions and interest on investments.

Fire Fund - This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action (Fire Equipment and Replacement Fund).

The government also reports the following non-major funds:

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The government reports the following major proprietary funds:

Park Fund - This fund is used to account for the operations of the Township's self-supporting park. Its operations are funded by user charges and does not receive financial support from the Township General Fund.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to visitors for park services. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

5. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated entirely to the General Fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". All receivables are to be received within one year.

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.



## Notes to the Financial Statements (Continued)

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, infrastructure asset costs incurred prior to April 1, 2004 are not included in the financial statements.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 Years
Building Improvements	20 Years
Vehicles	8 Years
Office Equipment	5 Years
General Equipment	10 - 15 Years

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures which were materially in excess of the amounts appropriated as follows:

Notes to the Financial Statements (Continued)

	<u>Budget</u>	<u>Actual</u>
General Fund		
Assessor	\$ 24,600	\$ 26,978
Hall and Grounds	38,000	54,235
Inspectors	-	10,888
Fire Fund		
Public Safety	37,000	43,526

NOTE C      DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated three banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in certificates of deposit, savings accounts, deposit accounts of financial institutions, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, and investment pools organized under the Surplus Funds Investment Pool Act of 1982, but not the remainder of State Statutory Authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	<u>\$ 180,473</u>	<u>\$ 396,912</u>	<u>\$ 88,244</u>	<u>\$ 665,629</u>

The bank balance of the Township's deposits is \$643,007, of which \$189,287 is covered by federal depository insurance and \$453,720 are invested in money market funds.

Although the Township's only investments at March 31, 2005 were money market funds, during the year they did hold corporate bonds.

## Notes to the Financial Statements (Continued)

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Depositories actively used by the Township during the year are detailed as follows:

6. Valley Ridge Bank
7. Independent Bank
8. Investment Center of America

### NOTE D RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General <u>Fund</u>	Fire <u>Fund</u>	Enterprise <u>Fund</u>	Non-Major <u>Funds</u>	<u>Total</u>
Taxes Receivable	\$ 8,635	\$ 6,576	\$ -	\$ 837	\$ 16,048
Fiduciary Fund	43,159	37,065	-	-	80,224
Other Gross Receivables	-	6,616	-	-	6,616
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	\$ 51,794	\$ 50,257	\$ -	\$ 837	\$ 102,888

### NOTE E CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$ 29,524	\$ -	\$ -	\$ 29,524
Construction in Progress	<u>-</u>	<u>70,743</u>	<u>-</u>	<u>70,743</u>
	29,524	70,743	-	100,267
Capital Assets Being Depreciated				
Buildings	81,826	-	-	81,826
Land Improvements	39,232	-	-	39,232
Machinery and Equipment	254,155	16,280	-	270,435
Office Equipment	20,097	-	-	20,097
Vehicles	<u>277,505</u>	<u>-</u>	<u>-</u>	<u>277,505</u>
Subtotal	672,815	16,280	-	689,095
Less Accumulated Depreciation for:				
Buildings	40,331	1,890	-	42,221
Land Improvements	17,874	1,277	-	19,151
Machinery & Equipment	125,714	15,298	-	141,012
Office Equipment	13,200	2,190	-	15,390
Vehicles	<u>179,865</u>	<u>18,991</u>	<u>-</u>	<u>198,856</u>
Subtotal	<u>376,984</u>	<u>39,646</u>	<u>-</u>	<u>416,630</u>
Net Capital Assets Being Depreciated	<u>295,831</u>	<u>(23,366)</u>	<u>-</u>	<u>272,465</u>

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Total Governmental Activities Capital				
Capital Assets - Net of Depreciation	<u>\$ 325,355</u>	<u>\$ 47,377</u>	<u>\$ -</u>	<u>\$ 372,732</u>
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 18,093	\$ -	\$ -	\$ 18,093
Capital Assets Being Depreciated				
Buildings	251,951	7,764	-	259,715
Improvements Other Than Buildings	465,759	21,765	-	487,524
Equipment and Vehicles	<u>245,213</u>	<u>8,565</u>	<u>-</u>	<u>253,778</u>
Subtotal	962,923	38,094	-	1,001,017
Less Accumulated Depreciation for				
Buildings	223,468	4,472	-	227,940
Improvements Other Than Buildings	197,171	33,088	-	230,259
Equipment and Vehicles	<u>174,116</u>	<u>12,635</u>	<u>-</u>	<u>186,751</u>
Subtotal	<u>594,755</u>	<u>50,195</u>	<u>-</u>	<u>644,950</u>
Net Capital Assets Being Depreciated	<u>368,168</u>	<u>(12,101)</u>	<u>-</u>	<u>356,067</u>
Business-Type Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$ 386,261</u>	<u>\$ (12,101)</u>	<u>\$ -</u>	<u>\$ 374,160</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	<u>\$ 39,646</u>
Business-Type Activities	
Park Fund	<u>\$ 50,195</u>

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows at March 31, 2005:

Due To	Due From				Total
	Fire Fund	Park Fund	Non-Major Debt Service	Trust & Agency	
General Fund	\$ 34,606	\$ 9,033	\$ 5,023	\$ 43,159	\$ 91,821
Fire Fund	-	-	-	37,065	37,065
	<u>\$ 34,606</u>	<u>\$ 9,033</u>	<u>\$ 5,023</u>	<u>\$ 80,224</u>	<u>\$ 128,886</u>

All amounts are expected to be paid within one year.

The balance of \$34,606 due to the General Fund from the Fire Fund along with the \$9,033 due from the Park Fund and \$5,023 due from the Debt Service Fund are due to lag time between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made. The balance of \$80,224 due from the Trust and Agency to the General and Fire Funds are for the consumer escrow and property taxes.

The consumer escrow balance of \$74,841 is not expected to be paid within one year.

Notes to the Financial Statements (Continued)

NOTE G RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE H LEASES

Consumer Energy Company - On May 1, 1997, the Big Prairie Township Park Board entered into a lease agreement with Consumers Energy Company to occupy the land on which the parks are located for a period of fifteen years at an annual consideration of two thousand dollars (\$2,000.00) plus payment of all taxes and special assessments which are assessed against the leased premises.

According to the terms of the lease, any and all earnings resulting from the use of the parks less such amounts as are paid by the Park Board for taxes assessed against the leased premises shall be spent by the Park Board for further improvements and for the maintenance of the premises as a public park.

NOTE I LONG-TERM DEBT

Notes payable are comprised of the following at March 31, 2005:

			Outstanding Principal <u>March 31, 2005</u>	
	Laurel Mountain Leasing due in installments of \$15,961 through February 2008, interest payable at 5.4 percent		\$ 43,143	
	Independent Bank due in varying installments through April 2005, interest payable at 3 percent.		<u>5,100</u>	
			<u>\$ 48,243</u>	
	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>				
Laurel Mountain Leasing	\$ 56,076	\$ (12,933)	\$ 43,143	\$ 13,633
Independent Bank	<u>10,400</u>	<u>(5,300)</u>	<u>5,100</u>	<u>5,100</u>
Total Governmental Activities	<u>\$ 66,476</u>	<u>\$ (18,233)</u>	<u>\$ 48,243</u>	<u>\$ 18,733</u>

Annual requirements to amortize the outstanding amounts at March 31, 2005 are as follows:

	<b>Governmental Activities</b>		Total
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2006	\$ 18,733	\$ 2,483	\$ 21,216
2007	14,367	1,594	15,961
2008	<u>15,143</u>	<u>818</u>	<u>15,961</u>
Total	<u>\$ 48,243</u>	<u>\$ 4,895</u>	<u>\$ 53,138</u>

Notes to the Financial Statements (Continued)

NOTE J            PERMITS

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The Township opened a separate bank account in July of 2004 to comply with this Act. The following is the required accounting for such fees:

Beginning Excess Costs Over Fees Collected	\$       -
Fees Collected 2005	10,348
Wages, Professional Fees and Other Expenses	<u>(6,167)</u>
Excess Fees Collected Over Costs Collected	<u>\$ 4,181</u>

# BIG PRAIRIE TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for the Fire Special Revenue Fund For the Year Ended March 31, 2005

	Budgeted Amounts		<u>Actual</u>	Variances	
	<u>Original</u>	<u>Final</u>		Original To Final	Positive (Negative) Final to Actual
Revenues					
Property Taxes	\$ 35,904	\$ 56,400	\$ 52,751	\$ 20,496	\$ (3,649)
Charges for Services	-	-	12,309	-	12,309
Interest	-	-	65	-	65
Grants	<u>-</u>	<u>-</u>	<u>8,275</u>	<u>-</u>	<u>8,275</u>
Total Revenues	35,904	56,400	73,400	20,496	17,000
Expenditures					
Public Safety	37,050	37,000	43,526	50	(6,526)
Capital Outlay	35,875	35,875	20,955	-	14,920
Debt Service	<u>15,962</u>	<u>15,962</u>	<u>15,961</u>	<u>-</u>	<u>1</u>
Total Expenditures	<u>88,887</u>	<u>88,837</u>	<u>80,442</u>	<u>50</u>	<u>8,395</u>
Excess Revenues (Expenditures)	<u><u>\$ (52,983)</u></u>	<u><u>\$ (32,437)</u></u>	(7,042)	<u><u>\$ 20,546</u></u>	<u><u>\$ 25,395</u></u>
Fund Balance - April 1			<u>95,317</u>		
Fund Balance - March 31			<u><u>\$ 88,275</u></u>		

# BIG PRAIRIE TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2005

	Budgeted Amounts			Variances Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original To Final</u>	<u>Final to Actual</u>
Revenues					
Property Taxes	\$ 34,840	\$ 44,000	\$ 51,188	\$ 9,160	\$ 7,188
Other Taxes	400	450	404	50	(46)
Property Tax Admin Fee	17,143	20,911	20,875	3,768	(36)
Licenses and Permits	1,200	1,200	16,870	-	15,670
State Grants	169,036	168,828	168,736	(208)	(92)
Charges for Services	1,500	3,000	974	1,500	(2,026)
Interest	500	200	737	(300)	537
Rents and Royalties	6,000	6,000	7,573	-	1,573
Refunds and Reimbursements	-	-	7,098	-	7,098
Cont from Park Commission	800	800	-	-	(800)
SET Tax Collection	-	5,900	-	5,900	(5,900)
Due from Road Commission	-	6,000	-	6,000	(6,000)
Due for School Election	-	4,850	-	4,850	(4,850)
Delinquent Ad Fees	-	2,283	-	2,283	(2,283)
Other Revenue	-	-	470	-	470
National Forest Money	-	-	2,527	-	2,527
Total Revenues	231,419	264,422	277,452	33,003	13,030
Expenditures					
General Government					
Township Board	25,888	25,888	21,004	-	4,884
Chief Executive	12,350	12,350	12,307	-	43
Elections	3,700	3,700	3,348	-	352
Assessor	24,600	24,600	26,978	-	(2,378)
Clerk	22,816	22,816	18,935	-	3,881
Board of Review	1,800	1,800	1,400	-	400
Treasurer	28,666	28,666	26,896	-	1,770
Hall and Grounds	38,000	38,000	54,235	-	(16,235)
Cemetery	8,000	8,000	8,535	-	(535)
Unallocated	5,000	5,000	6,484	-	(1,484)
Public Safety					
First Responder	19,550	19,550	16,688	-	2,862
Inspectors	-	-	10,888	-	(10,888)
Public Works					
Road Commission	78,000	78,000	75,809	-	2,191
Street Lighting	2,000	2,000	777	-	1,223
Community and Economic Dev					
Planning	30,400	30,400	31,572	-	(1,172)
Recreation and Culture					
Day Park	6,350	6,350	2,639	-	3,711
Other Functions					
Insurance	24,183	30,000	26,694	(5,817)	3,306
Payroll Taxes	15,000	15,000	8,496	-	6,504
Total Expenditures	<u>346,303</u>	<u>352,120</u>	<u>353,685</u>	<u>(5,817)</u>	<u>(1,565)</u>
Excess Revenues (Expenditures)	<u>\$ (114,884)</u>	<u>\$ (87,698)</u>	(76,233)	<u>\$ 27,186</u>	<u>\$ 11,465</u>
Fund Balance - April 1			<u>252,643</u>		
Fund Balance - March 31			<u>\$ 176,410</u>		



# BIG PRAIRIE TOWNSHIP

## Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 44,000	\$ 51,188	\$ 7,188
National Forest Money	-	2,527	2,527
Other Taxes	450	404	(46)
Property Tax Administration Fee	20,911	20,875	(36)
Licenses and Permits	1,200	16,870	15,670
State Grants	168,828	168,736	(92)
Charges for Services	3,000	974	(2,026)
Interest	200	737	537
Rents and Royalties	6,000	7,573	1,573
Refunds and Reimbursements	-	7,098	7,098
Contribution from Park Comm	800	-	(800)
SET Tax Collections	5,900	-	(5,900)
Due from Road Commission	6,000	-	(6,000)
Due for School Election	4,850	-	(4,850)
Delinquent Ad Fees	2,283	-	(2,283)
Other Revenue	<u>-</u>	<u>470</u>	<u>470</u>
Total Revenues	264,422	277,452	13,030
Expenditures			
General Government			
Township Board			
Salaries and Wages	12,120	12,120	
Professional Services - Other	5,000	5,654	
Printing and Publishing	1,200	770	
Education and Training	800	896	
Supplies	70	66	
Dues	1,200	1,141	
Miscellaneous	100	357	
Donations	<u>5,148</u>	<u>-</u>	
	25,638	21,004	4,634
Chief Executive			
Salaries and Wages	11,700	11,700	
Professional Services	600	607	
Office	<u>50</u>	<u>-</u>	
	12,350	12,307	43
Elections			
Salaries and Wages	2,000	1,858	
Transportation	150	139	
Professional Services	1,300	863	
Printing and Publishing	200	244	
Supplies	<u>50</u>	<u>244</u>	
	\$ 3,700	\$ 3,348	\$ 352

Statement of Revenues, Expenditures and  
Changes in Fund Balance (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Assessor			
Salaries and Wages	\$ 19,500	\$ 19,131	
Supplies	2,000	1,697	
Communications	100	-	
Miscellaneous	<u>3,000</u>	<u>6,150</u>	
	24,600	26,978	(2,378)
Clerk			
Salaries and Wages - Clerk	17,016	17,016	
- Deputy	500	472	
Supplies	1,500	605	
Communications	300	160	
Education and Training	1,500	682	
Repairs	500	-	
Equipment	<u>1,500</u>	<u>-</u>	
	22,816	18,935	3,881
Board of Review			
Salaries and Wages	1,200	1,125	
Printing and Publishing	400	275	
Office Supplies	100	-	
Professional Education	<u>100</u>	<u>-</u>	
	1,800	1,400	400
Treasurer			
Salaries and Wages - Treasurer	17,016	17,016	
- Deputy	2,000	1,110	
Supplies	500	551	
Professional Services	7,000	7,964	
Communications	200	160	
Education and Training	800	95	
Repairs	100	-	
Equipment	1,000	-	
Miscellaneous	<u>50</u>	<u>-</u>	
	28,666	26,896	1,770
Hall and Grounds			
Utilities	3,000	1,944	
Repairs and Maintenance	3,000	10,169	
Rentals	1,200	1,226	
Capital Outlay	30,000	40,896	
Supplies	500	-	
Operating	<u>300</u>	<u>-</u>	
	38,000	54,235	(16,235)
Cemetery	\$ 8,000	\$ 8,535	\$ (535)

Statement of Revenues, Expenditures and  
Changes in Fund Balance (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Unallocated			
Communications	\$ 3,000	\$ 2,652	
Utilities	2,000	2,070	
Miscellaneous	<u>-</u>	<u>1,762</u>	
	<u>5,000</u>	<u>6,484</u>	<u>(1,484)</u>
Total General Government	170,570	180,122	(9,552)
First Responder			
Salaries and Wages	10,000	10,376	
Professional Services	6,000	5,875	
Supplies	1,000	178	
Repairs	1,000	50	
Capital Outlay	1,300	209	
Office	<u>250</u>	<u>-</u>	
	19,550	16,688	2,862
Inspectors			
Salaries and Wages	-	9,253	
Education and Training	-	469	
Supplies	-	1,056	
Miscellaneous	<u>-</u>	<u>110</u>	
	<u>-</u>	<u>10,888</u>	<u>(10,888)</u>
Total Public Safety	19,550	27,576	(8,026)
Public Works			
Roads	78,000	75,809	
Street Lighting	<u>2,000</u>	<u>777</u>	
Total Public Works	80,000	76,586	3,414
Community and Economic Development			
Planning			
Salaries and Wages	10,000	12,440	
Supplies	700	205	
Professional Services	15,000	11,993	
Communications	500	44	
Transportation	1,000	931	
Printing and Publishing	2,000	2,370	
Education and Training	1,000	3,589	
Equipment	<u>200</u>	<u>-</u>	
Total Community and Economic Development	\$ 30,400	\$ 31,572	\$ (1,172)

Statement of Revenues, Expenditures and  
Changes in Fund Balance (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Recreation and Culture			
Day Park			
Repairs	\$ 5,000	\$ 2,496	
Capital Outlay	1,000	-	
Utilities	200	143	
Operating	<u>150</u>	<u>-</u>	
Total Recreation and Culture	6,350	2,639	3,711
Other Functions			
Insurance	30,000	26,694	
Payroll Taxes	<u>15,000</u>	<u>8,496</u>	
Total Other Functions	<u>45,000</u>	<u>35,190</u>	<u>9,810</u>
Total Expenditures	<u>\$ 351,870</u>	353,685	<u>\$ (1,815)</u>
Excess of Revenues (Expenditures)		(76,233)	
Fund Balance - April 1, 2004		<u>252,643</u>	
Fund Balance - March 31, 2005		<u>\$ 176,410</u>	

## BIG PRAIRIE TOWNSHIP

### Statement of Revenue, Expenditures, and Changes in Fund Balance Fire Fund - Budget and Actual For the Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 56,400	\$ 52,741	\$ (3,649)
Charges for Services	-	12,309	12,309
Interest	-	65	65
Grants	<u>-</u>	<u>8,275</u>	<u>8,275</u>
Total Revenues	56,400	73,400	17,000
Expenditures			
Public Safety			
Salaries and Wages		19,941	
Supplies		3,285	
Contracted Services		5,028	
Communications		517	
Insurance		569	
Transportation		152	
Utilities		2,623	
Repairs and Maintenance		11,411	
Office Supplies		<u>-</u>	
Total Public Safety	37,000	43,526	(6,526)
Capital Outlay	35,875	20,955	14,920
Debt Service			
Principal		12,933	
Interest		<u>3,028</u>	
	<u>15,962</u>	<u>15,961</u>	<u>1</u>
Total Expenditures	<u>\$ 88,837</u>	80,442	<u>\$ 8,395</u>
Excess Revenue Over (Under)			
Expenditures		(7,042)	
Fund Balance - April 1		<u>95,317</u>	
Fund Balance - March 31		<u>\$ 88,275</u>	

# **BIG PRAIRIE TOWNSHIP**

## **Schedule of Cash and Investments March 31, 2005**

General Fund		\$ 95,221
Fire Fund		75,241
Non-Major Governmental Fund		10,012
Enterprise Fund		396,912
Trust and Agency		<u>88,244</u>
Total Cash and Investments all Funds		<u><u>\$ 665,630</u></u>
Independent Bank - Assessment Account Savings - 7896		\$ 10,012
- Fire CD - 5918		14,388
- Fire Fund Checking - 4145		1,840
- Tax and Accounting - 5966		73,440
- Park Board Money Market - 7456		347,430
- Park Fund CD's		49,482
Valley Ridge Bank- General Fund Savings - 0324		15,894
- General Fund Checking - 0149		18,571
- Checking (Building Fund) - 2600		4,181
- Tax Account Checking - 0589		14,804
Investment Centers		
of America - General Fund - Money Market		56,574
- Fire Fund - Money Market		<u>59,014</u>
Total Cash and Investments		<u><u>\$ 665,630</u></u>
Major Funds		\$ 567,374
Non-Major Funds		10,012
Fiduciary Funds		<u>88,244</u>
		<u><u>\$ 665,630</u></u>



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



October 11, 2005

Township Board  
Big Prairie Township  
Newaygo County, Michigan

Dear Board Members:

As part of our audit of the financial statements of Big Prairie Township as of and for the year ended March 31, 2005, we studied and evaluated the Township's accounting and administrative controls as well as compliance with laws having a bearing on the fair presentation of your financial statements. Because this study was only part of the overall audit plan, it is not intended to be a complete review of all your accounting procedures; and therefore, would not necessarily disclose all weaknesses in your system. Accordingly, we offer the following comments and recommendations.

#### BOOKS AND RECORDS

We again found many problems in balancing the records of the Township. The use of Quickbooks should greatly aid the board with their records and decision making regarding the Township. However, during our audit, we found that Quickbooks is not being used to its full potential. Receipts and disbursements recorded in Quickbooks did not equal the amounts in the clerk's books and these numbers also did not agree with the amounts reported in the budget reports. Discrepancies between all three informational areas made it very difficult to determine the correct amounts and resulted in extra services to complete the audit. We would suggest the Township receive Quickbooks training to fully implement your software program and provide the most accurate Township records.

Also, during the audit, we noted missing invoices. We remind the Board that all invoices must remain on file for any Township expenditures.

#### BUDGETING

The Township is in violation of the budgeting requirements of the Michigan Public Act 2 of 1968, as amended, Section 15. We have included an excerpt from the Uniform Budgeting and Accounting Act to give you the minimum requirements. We also recommend that the budgeting portion of Quickbooks be used to enable the board to make decisions with current budget to actual numbers.

#### PERMITS

During the audit year, the Township opened a separate account to track permits. We were pleased to see the Township's compliance with Public Act of 1999 regarding the statewide application of the State Construction code.

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### INVESTMENT POLICY

The Township held bonds during the year, however, the Investment Policy did not indicate that the Treasurer can invest in bonds. Although the bonds were disposed of during the year, we recommend that the Investment Policy be changed to allow this type of investment in the future.

### PAYROLL TAX FILINGS

During the audit, we found federal withholding and FICA taxes reported on the quarterly 941 reports did not equal the amounts reported on the W-2's and W-3 filed with the Internal Revenue Service. We suggest the clerk prepare an annual reconciliation of the 941 reports to the W-3 so any errors can be corrected before the W-2's/ W-3 are filed. Our office is happy to provide a reconciliation worksheet to assist in this matter.

### CASH

We were pleased to see that Quickbooks is being used to complete some of the bank reconciliations. We would recommend that this process be expanded to all bank accounts including the tax account. We also recommend that once the reconciliations are completed, the treasurer and clerk compare their cash balances monthly to ensure that all transactions have been recorded in the Township records.

### CAPITALIZATION POLICY

Under the new financial statements of GASB 34 certain items recorded as capital outlay will also be recorded as fixed assets on the government wide financial statements. The Township should adopt a capitalization policy to avoid having to capitalize and depreciate several small items. We recommend using a \$500 minimum dollar amount and have enclosed a sample capitalization policy for the Township to adopt as soon as possible.

### GASB 34 - BASIC FINANCIAL STATEMENTS - AND MANAGEMENT'S DISCUSSION AND ANALYSIS – FOR STATE AND LOCAL GOVERNMENTS

As you may have noticed, your financial statements have several significant changes this year. This is just a brief overview of what GASB 34 is and what it means to you. This statement makes many changes to the presentation of the financial statements. One of the most substantial changes is to add government-wide financial statements which are prepared using economic resources measurement focus and the full accrual basis of accounting (used by most for-profit business). These statements also report the Township's fixed assets and infrastructure at original purchase less depreciation. The fund financial statements continue to be presented as well, however, the columns presented have changed to the general fund and other "major" funds and a summary reconciliation is required to identify the differences between the government-wide and fund reports. In addition, a Management's Discussion and Analysis (MD&A) is required. The MD&A includes an analysis and descriptions of significant changes over prior years, condensed presentation of current and prior year financial information and other descriptions of facts, conditions, or decisions which management expects did or will have a significant effect on the financial statements. This statement also prescribes the



Required Supplementary Information (RSI) to include budgetary comparison schedules (as currently prescribed by the State of Michigan), however, with the addition of the originally adopted budget (as well as the final amended budget).

#### REVISED MUNICIPAL FINANCE ACT

Michigan Public Act 34 of 2001 became effective on March 1, 2002. This Act will require the Township to prepare and file Form 3883 - Municipal Finance Qualifying Statement on an annual basis. In the past this form was filed by mail; however, the State has changed it's requirement and now this form must be filed online. Please visit <http://michigan.gov/treasury>. Click on "Local Government", select Municipal Finance then select online qualifying statement. Remember to print a copy for your records. You will need a code name to access this site. If you do not yet have one the supervisor needs to call the State at 517-373-0660 to get receive one.

#### SUMMARY

We appreciate the courtesy extended to us during the course of the audit including the prompt attention to our inquiries. If you have any question regarding that above matters, please let me know. We look forward to continuing to serve Big Prairie Township.

Respectfully submitted,

A handwritten signature in black ink that reads "Jodi DeKuiper, CPA". The signature is written in a cursive, flowing style.

Jodi DeKuiper, CPA  
Hendon & Slate, P.C.